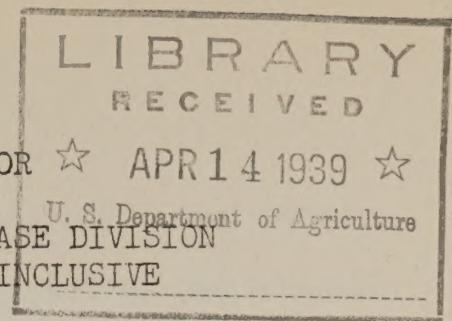


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MEMORANDUM FOR THE ADMINISTRATOR  
REPORT OF ACTIVITIES OF THE TENANT PURCHASE DIVISION  
FOR THE PERIOD MARCH 1 TO 31, 1939, INCLUSIVE

1. Legislative Developments

On Saturday, February 4, Secretary Wallace appeared before the Subcommittee of the Committee on Appropriations of the House of Representatives, and presented information relative to the appropriation bill for the Department of Agriculture for 1940. His statement with respect to "Farm Tenancy loans" appears on Page 20 of the printed proceedings of the sub-committee. In response to a question by Congressman Tarver as to the reason for not including the full authorization (\$50,000,000) in the budget estimate, the Secretary advised that it was a matter of budgetary policy. In response to a further question as to whether or not the full \$50,000,000 authorized had been submitted in the estimate, the Secretary replied affirmatively. Testimony on the Farm Tenant Act offered by Administrator W. W. Alexander on February 27, appears on Pages 1155-1186 of the printed proceedings of the sub-committee. Material prepared by the Tenant Purchase Division was submitted for the record by the Administrator.

The action of the sub-committee with respect to appropriations under Title I of the Bankhead-Jones Farm Tenant Act is recorded on Page 31 of House of Representatives Report No. 279. Twenty-five million dollars is recommended in this report, \$15,500 of which was included in the item for printing and binding, leaving \$24,984,500 under the appropriation in the Agricultural Bill, which was reported under HR-5269.

The tenant purchase item was debated in the House while sitting as a committee of the whole, late Tuesday afternoon, March 28. The debate is





recorded in the Congressional Record of that date. A motion by Congressman Jed Johnson of Oklahoma to increase the item from \$24,984,500 to \$50,000,000 was defeated rather decisively on an aye and nay vote. The Chairman of the Sub-committee, Congressman Cannon, spoke in opposition to the increase. The Republican side, with some support from the Democratic side, was voting rather solidly against motions to increase different items in the Agricultural Appropriation Bill. A major battle centered around the effort to increase the \$250,000,000 item for parity payments to \$500,000,000.

On February 16, Senator Bankhead introduced, as an amendment to the original Bankhead-Jones Farm Tenant Act, S-1365 providing for a \$50,000,000 capital stock subscription to the Farmers' Home Corporation Board, and a successive series of bond issues beginning with the year ending June 30, 1940, and continuing to the year ending June 30, 1944. These issues were to be in the amount of \$50,000,000 the first year, \$100,000,000 the second, \$200,000,000 the third, \$300,000,000 the fourth, and \$350,000,000 the last year.

Another amendment to the Act, S-1836, sponsored by Senator Lee was introduced on March 16 and the names of fifty-one other Senators appeared on the Bill with Senator Lee. This is the so-called Farm Mortgage Guarantee Bill. The strength of the support back of this legislation is indicated by the number of senators joining with Senator Lee in introducing the Bill. Dr. Alexander appeared before the Sub-Committee of the Senate Committee on Agriculture with respect to this Bill on March 27, 1939. H. R. 4406 introduced in the House by Marvin Jones on February 22 combines the provisions of the Lee Bill and the Bankhead Bill mentioned above.





2. Problems Relating to Functioning of Field Organization from Standpoint of TP Interests

Field observations during recent months have convinced the members of the staff of the Tenant Purchase Division that the field organization is not functioning altogether in the manner intended with respect to tenant purchase activities. This manifests itself particularly in states with State TP Specialists and one or more assistants working under the State RR Director. District Supervisors, who are preoccupied with rehabilitation responsibilities, tend to shift tenant purchase responsibilities to the State TP Specialist and his assistants. This results in the State TP Specialist "going around" District Supervisors rather than working through them. It appears that this tendency should be nipped in the bud at the outset. If this is not done the result will be a trend toward separate personnel for RR and TP, contrary to administrative policy. In a memorandum dated March 14, following field observations in Region VIII, Mr. Brewster called attention to the problem and proposed a remedy. The remedy consists in giving District Supervisors more definite responsibility for tenant purchase activities now performed by State TP Specialists. In line with this policy, State TP Specialists will confine their activities more to instructing District Supervisors and less to instructing County Supervisors. District Supervisors would be held responsible for such matters as conducting Schools of Instruction for County Committeemen and County Supervisors, checking and reporting progress, etc. This matter was called to the attention of the Administrator on March 9 and the Administrator concurred in the diagnosis of the problem and the proposed remedy. It will require rather definite effort on the





part of all officials concerned to correct the situation which has developed.

3. TP Section of Functional Order for Regional Staff

Closely related to the problem discussed above, was the development of a functional order for the TP Regional staff, and a proposed salary schedule for regional and state TP personnel. Members of the Division's staff completed the preparation of the functional order during the month, and transmitted it to the Procedure Division for clearance. This order contemplates a Regional TP chief and an Assistant chief, administratively responsible to the Assistant Regional Director in Charge of RR. The State set-up consists of a State TP Specialist administratively responsible to the RR Director, plus Assistant State TP Specialists, as required.

4. Clarification of Relationships between Region IX and Hawaiian Staff

On March 10, 1939, Extension Director Warner reported by radiogram that conditions had arisen calling for more definite determination of administrative authority as between himself and the Regional Director in Region IX. After a conference with Mr. Baldwin and Mr. Maddox, the questions raised were resolved by adherence to the policy previously announced, under which R. S. Crites is recognized as being in charge of Farm Security personnel in Hawaii, subject administratively to Director Warner, with communications between Hawaii and Region IX clearing through Director Warner. Director Warner was advised, however, of the intention of the Administration to set up a separate administrative unit in Hawaii, independent of the Extension Service, under arrangements similar to those prevailing in the Continental United States. No definite date was set for consummating this administrative change.

5. Chairman of Wisconsin Advisory Committee Protests Lack of Consideration Accorded State Advisory Committee

On March 21, 1939, Mr. H. B. Randall, Jr., Chairman of the State Farm







Security Administration Advisory Committee of Wisconsin, addressed a letter to the Secretary of Agriculture protesting lack of consideration accorded the Committee, the infrequency of its meetings, and lack of opportunity to offer suggestions on matters concerning which the Committee might be helpful. It appeared that there has been some justification for the Chairman's attitude in this case. The situation, however, is not thought to be typical and is one which will be remedied. Similar symptoms were noted several months ago in various states and the importance of greater use and recognition of state committees was emphasized. The tendency to recognize state advisory committees as Tenant Purchase Committees only is now pretty well corrected. In a number of regions field tours have been held for the purpose of observing activities and receiving reports on various phases of work. Region VI was the first to definitely set dates for quarterly meetings a year in advance. Region IV followed with a proposal to hold three two-day meetings annually, with called meetings in addition when occasion requires. Speaking generally, it appears that a good relationship with state advisory committees is gradually being evolved. At the conclusion of an all-day session of the North Carolina Committee in Raleigh on Monday, March 27, Dr. Clarence Poe, Chairman, expressed his approval of the manner in which the Farm Security Administration is using State Committees to adapt broad national policies to local conditions.

State Advisory Committees, meeting since January, have been drawing lots to determine which members are to retire June 30, which are to serve one more year, and which are to serve two more years. The services of some excellent committeemen will be lost under this rotation plan, but advantages





appear to more than off-set disadvantages. It is also apparent that if exceptions are made in behalf of certain retiring members and they are re-appointed, it will become exceedingly difficult to avoid extending the same courtesy to all retiring members and thus break down the whole "rotation in office" principle.

6. Steps taken to Assure More Favorable Presentation of Variable Payment Plan to TP Borrowers

The February report referred to the tendency of field personnel to advocate the fixed rather than the variable payment plan of payment. On March 11 the Administrator addressed a letter to all Regional Directors as follows:

"Reports coming to me from various sources indicate that district supervisors and county supervisors in TP counties are not taking pains to explain to borrowers the full benefits of the variable payment plan.

"While we want borrowers to make their independent decisions on this matter on the basis of a fair statement of the case, we certainly do not want them influenced adversely on the subject by our own personnel. I believe that the variable payment provision of the Bankhead-Jones Farm Tenant Act is desirable and that the plan for its administration has been well worked out. If the advice of our employees is sought by TP borrowers, the advantages of the variable plan should be emphasized.

"I am attaching a tentative draft of a letter to county supervisors in TP counties for your signature. Copies should, of course, go to TP Chiefs, Assistant Chiefs, Farm and Home Management personnel, State Directors, State TP Specialists and District Supervisors."

A copy of the suggested draft of a letter from Regional Directors to District and County Supervisors is attached to the file copy of this report.

Mr. Henson was in Region V when the Administrator's letter with the attachment arrived. It was considered and discussed by the TP personnel and Mr. Henson was of the opinion that the letter would have the desired effect. There no longer appears to be any doubt but that a large number of TP





borrowers will select the variable payment plan.

7. Conference with Finance Managers

During the afternoon of March 8, the staff of the Tenant Purchase Division was privileged to sit in conference with Regional Finance Managers, and with Mr. Lukas and officials of his Washington staff. Collection and reporting procedures were discussed. The staff of the TP Division took occasion to talk over some of the underlying philosophy and objectives of the program. The Regional Finance Managers reported some delay on the part of TP Section Chiefs in submitting notices of amount due, correcting due dates on notes, and so forth. As a result of the information brought out in the conference, the TP Division dispatched telegrams to the field urging the completion of billing activities during the ninety-day grace period, beginning January 1, 1939.

8. Conference with Labor Relations Representatives

On March 17 the Director of the Division was privileged to sit in with the Labor Relations representatives from the field, with Mercer Evans and his assistants of the Washington staff, and with Baird Snyder, Chief Engineer. A revised draft of FSA Instruction 640.1 was the basis of discussion. This opened the way for reports from various regions on the working out of the wage and hour regulations, compensation insurance, and similar subjects. The labor standards policies appear to be working out rather smoothly. The chief difficulties arise in territory surrounding metropolitan areas, but it appears that problems in such areas are being adjusted for the most part in a manner satisfactory to all concerned. The Director of the TP Division stressed the desirability of a full explanation of labor standards at schools





of instruction for county committeemen and county supervisors.

9. Re-Draft of Appraisal Report

Mr. Pope's field studies of appraisal methods carried on in recent months culminated during March in the completion of a revised appraisal form which squares with the idea of buying farms on the basis of earning capacity. This tentative form has been multilithed and is now being subjected to field tests. The aim is to perfect it and have it in readiness for final review by regional TP chiefs when they convene in Washington to go over plans for next year.

10. Procedure Prepared in Solicitor's Office on Leasing Mineral Rights and on Granting Easements and Rights-of-Way through Borrowers' Property, Cleared by Division

The two documents mentioned in the above heading cover the legal procedures involved in leasing mineral rights and in granting rights-of-way and easements through Tenant Purchase property. While the principles involved are simple and readily understandable, it was necessary in order to safeguard the interests of the Government as mortgagee to set out the legal procedures in considerable detail.

11. Procedure on Servicing Tax and Insurance Collections cleared in the Division

This procedure has been pending for some time. It was first necessary to have an administrative determination as to the use to be made of Kardex in connection with the tax and insurance servicing. As reported a month ago, it was decided to make use of Kardex in this connection. It has taken some time to get the necessary representatives of the Collections Section and the TP Division together for a final clearance of this instruction. The points of issue were finally resolved on March 30.





12. Review of Farm and Home Management Procedure

During the afternoon of March 16, the TP staff met jointly with Mrs. Thompson, Mr. Riggle and Messrs. Aylesworth, Overseth and Long. This meeting turned into a general appraisal of the character of the farm and home management planning being done in the field, region by region; the progress being made in the respective regions toward improving the farm and home management work; how farm and home management schools are progressing; how the new farm record book is being received, and what use may be expected to be made of this book; the so-called old farm and home record book, and the Region IV book. These and other matters discussed at the conference were covered in a memorandum submitted to the Administrator under date of March 16, a copy of which will be attached to the file copy of this report.

13. Field Trips

a. Director of the Division

March 2 - 3	FSA State Conference Huron, South Dakota.
March 20-21	Meeting with Tennessee FSA Advisory Committee, Jackson, Tennessee, and vicinity.
March 22	Inspection of TP Farms in Logan, Warren and Barren Counties, Kentucky.
March 23	Meeting with Kentucky State FSA Advisory Committee at Lexington, Kentucky.
March 24	Meeting with Virginia State Advisory Committee at Richmond, Virginia.
March 28	Meeting North Carolina State FSA Advisory Committee, Raleigh, North Carolina.





b. Mr. Edwin R. Henson

Mr. Henson, Assistant Director of the Division, conducted schools for TP Specialists in Regions IV and V during March, culminating his trip with a field inspection tour through Alabama, Georgia, and South Carolina. Particular emphasis was put on the proper use of appraisal and farm plans in the acquisition of farms; the desirability of the adoption by borrowers of the variable payment plan, and building standards of the program, stressing in particular the cost of maintenance when existing structures are poorly or inadequately repaired.

c. Mr. John M. Brewster

Mr. Brewster of the Tenant Purchase staff continued his visits to TP farms, RR county offices and attended regional and state conferences in Regions VI and IV. He made an extensive study of the TP-RR organizations in Region VI and presented suggestions, enumerated in Paragraph 2, to Mr. Maris with respect to desirable objectives in organizational structure. Mr. Brewster returned to Washington on March 12.

d. Mr. James D. Pope

Mr. Pope of the TP staff continued his February 24 to March 10 trip to Regions XII and VII, and on March 17 left Washington for Regions VIII, VI and V. The main purpose of Mr. Pope's trip was to study appraisal problems and try out proposed modifications in procedural methods. Individual consideration was given to the solution of problems peculiar to Region XII, where the drought cycle operates and to make careful and conservative appraisal estimates of vital importance.





e. Mr. Kenneth C. Smith

Mr. Smith of the Tenant Purchase staff left on March 20 for an extended trip in Regions III, VII, X, IX, XI and XII. The purpose of this visit is to attend State Advisory Committee meetings; to observe regional and county personnel in the inauguration of the variable payment plan; to encourage and aid regional and county personnel in the use of Farm Record books and in the use of TP forms, 8, 8A, 8B and 9; to follow up the work already started regarding note amending and sending out statements of account and to continue to gather material to be used as a basis for revising TP instructions before the beginning of the new fiscal year.

Sincerely yours,

Paul V. Maris, Director  
Tenant Purchase Division

